DOCUMENT RESUME

ED 398 851 HE 029 472

TITLE	College Bound: Americans' Attitudes about Paying for College. A Survey of Families with College-Bound High School Students on the Value of a College Education and Its Costs.
INSTITUTION	Gallup & Robinson, Inc. Princeton, NJ.
SPONS AGENCY	Sallie Mae, Washington, DC.
PUB DATE	96
NOTE	13p.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Academic Aspiration; *College Bound Students; *Economic Status; Educational Finance; Financial Support; Grade 11; Higher Education; High Schools; High School Seniors; *Parent Attitudes; Parent Responsibility; *Paying for College; *Quality of Life; Student Attitudes; *Student Financial Aid; Student Surveys; Telephone Surveys

ABSTRACT

This study examined several aspects of family viewpoints regarding the financing of higher education. Data were collected via a telephone survey of 800 parents of college bound high school students and 300 college bound high school juniors and seniors. The survey examined attitudes in such areas as: the relative importance of financing college among families' other basic financial challenges; the perceived value of a college education from economic and quality of life perspectives; the level of responsibility felt by parents and students for financing a college education; and the expectations about sources of funding to be used for their child's education. Over 80 percent of parents indicated their belief that a college education was very valuable or indispensable to their child's financial well being and child's personal well being. Approximately 81 percent of college-bound high school juniors and seniors thought a college education was very valuable or indispensable. Ninety-two percent of parents indicated that a college education was the most important investment they would make for their child with almost one-third indicating that their children's college education was their first financial priority. Thirty-one percent of parents but only 8 percent of students felt that financing college was primarily a parental responsibility. Parents also expected financial aid to play a large role in defraying college costs. (CK)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

HE

ED 398 851

COLLEGE BOUND: AMERICANS' ATTITUDES ABOUT PAYING FOR COLLEGE

A Survey of Families with College-Bound High School Students on the Value of a College Education and its Costs

SallieMae
Helping make education possible®

Sponsored by
Sallie Mae, Washington D.C.
Conducted on Behalf of Sallie Mae by
Gallup Organization, Princeton, N.J.
[illegible]
Sallie Mae
[illegible]
Washington, D.C. 20[illegible]
202-[illegible]

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

Sallie Mae

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

HE 029472

BEST COPY AVAILABLE

BACKGROUND

Throughout the late 1980s and the 1990s, a topic of concern among higher education administrators has been the impact upon prospective students of the escalating cost of college attendance. Between 1985 and 1993 the cost of attending a public college or university increased 19% and the cost of attending a private college or university increased 30%.[1] During this same period, however, the median real income of families dropped slightly as did the amount of grant money (adjusted for inflation) available from the Federal government.[2] These dynamics have increased the reliance on loans by students and their families.[3]

Little research, however, has been conducted on how important parents believe financing their child's education is among competing financial concerns, what types of financial assistance parents expect when paying for college, and parents' sense of responsibility for paying their child's college costs. Another important aspect of postsecondary education that has begged further research is the perceived value parents and students place upon a college education in comparison to its costs.

Sallie Mae, the nation's largest single source of education financing, retained Gallup & Robinson, Inc., to conduct research on several areas related to financing college. The areas included:

- the relative importance of financing college among families' other basic financial challenges,
- the perceived value of a college education from both economic and quality of life perspectives,
- the level of responsibility felt by parents and students for financing a college education, and
- the expectations about sources of funding to be used for their child's education.

The answers to these questions will provide insights for school administrators, public policy makers, and others involved in financing postsecondary education as to how best to meet the needs of parents and students in today's economic climate.

METHODOLOGY

The study designed by Gallup & Robinson, Inc., was a telephone survey of 1,100 individuals nationwide: 800 parents of college-bound high school students and 300 college-bound high school juniors and seniors. The sample of both parents and college-bound high school students was taken from a randomly generated list of respondents purchased from a commercial list house. The questionnaire used for parents was longer than that for students, as parents were asked more comprehensive financing questions. Interviews were conducted in early May 1996. Sallie Mae was not identified to the respondents as the sponsor of the research. Statistical significance testing was conducted at the 95% confidence level. Statistically significant differences among sub-samples are noted in the report as "significant."

---

[1]Department of Education, Office of Educational Research and Improvement, *The Condition of Education, 1995,* (Washington, DC: 1995), p. 38.

[2]*The College Board, Trends in Student Aid: 1985 to 1995,* September 1995, Tables 3 and 4.

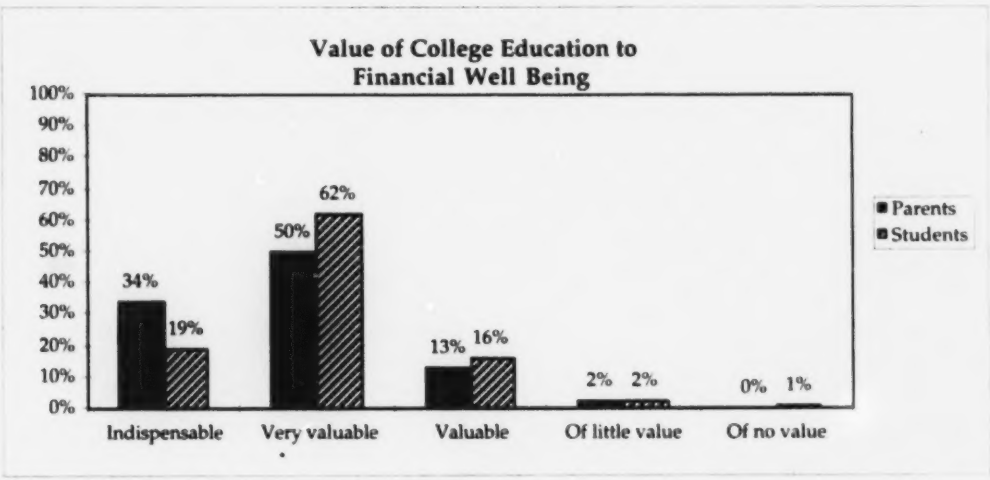
[3]*The College Board, Trends in Student Aid: 1985 to 1995,* September 1995, p. 3. Gladieux, Lawrence E., Hauptman, Arthur M., *The College Aid Quandary,* (The Brookings Institution, Washington, DC, 1995).

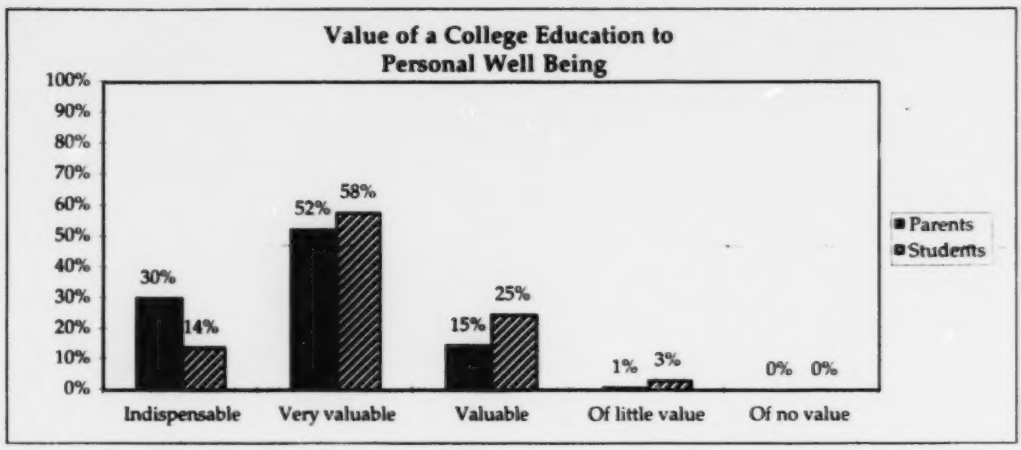
Value of a College Education

There was an overwhelming belief among these audiences that a college education is a worthwhile investment in terms of increasing an individual's financial and personal well being. When parents of college-bound high school students were asked how valuable they thought a college education was to their child's financial well being, 84% said it was either very valuable (50%) or indispensable (34%). Similarly, when asked how valuable a college education was to their child's personal well being, 82% thought it was either very valuable (52%) or indispensable (30%). No one thought a college education was of no value and no more than 2% thought it was of little value to their child's financial or personal well being.

While college-bound high school juniors and seniors were less convinced about the value of a college education than were their parents, over seven in ten thought it was at least very valuable to both their personal and financial well being. Approximately 81% thought a college education was either very valuable (62%) or indispensable (19%). A somewhat smaller portion of high school students (72%) thought a college education was indispensable (14%) or very valuable (58%) . No students thought a college education was of no value to their personal well being. Parents tended to rate the value of a college education to their child's financial well being and personal well being equally. Students, however, were more likely to believe a college education is more valuable to their financial than their personal well being.

The charts below compare perceptions of the value of a college education to parents of college-bound high school students and to college-bound high school juniors and seniors.



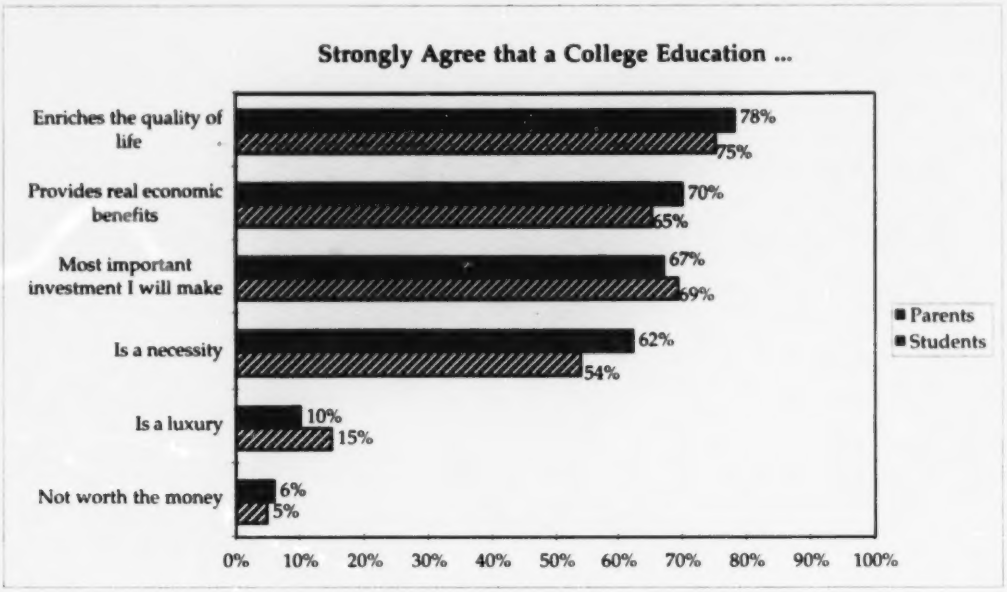


Overall, an impressive 97% of students and parents somewhat or strongly agreed that a college education would enrich the quality of the student's life. Almost eight in ten parents (78%) and students (75%) strongly agreed with the statement. Some 70% of parents and 65% of students strongly agreed with the statement, "A college education will provide real economic benefits." An additional 25% of parents and 32% of students somewhat agreed with this statement. Overall, 97% of students somewhat (32%) or strongly (65%) agreed that real economic benefits were provided by a college education; among parents, 95% somewhat (25%) or strongly (70%) agreed.

It is not surprising then that these parents and students did not view a college education as a luxury. Only 10% of parents and 15% of students said they strongly agreed with the statement, "A college education is a luxury." Few parents or students believed a college education was not worth the expense. Only 6% of parents and 5% of students strongly agreed that a college education was not worth the money.

A significant majority, 92%, of parents surveyed indicated a college education is the most important investment they will make for their child. Two-thirds of parents strongly agreed with this statement while another 25% somewhat agreed. Similarly, 95% of college-bound high school juniors and seniors agreed that it is the most important investment they can make in their future: 69% strongly agreed and 26% somewhat agreed.

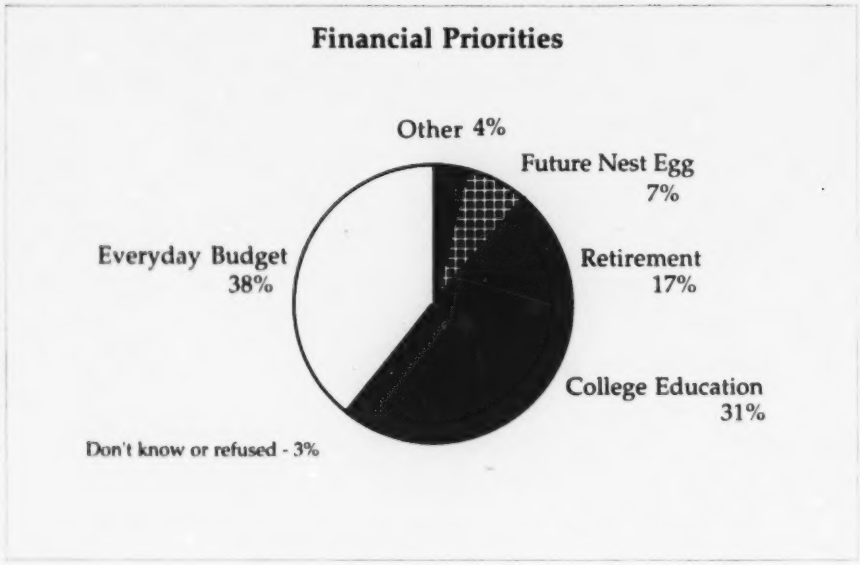
The chart below demonstrates the views of parents and students towards a college education.



A large majority of parents also felt a college education is a good investment and that they will find a way to pay for it. More than 90% of the parents of college-bound high school students agree that even with what it costs today, college is still a good investment: 70% strongly agreed and 22% somewhat agreed.

Relative Importance of Financing a College Education

Parents of college-bound high school students placed great importance on paying for their child's education. Almost one-third of parents (31%) said their children's college education was their first financial priority. This was only slightly behind the 38% of parents who indicated their everyday budget was their first financial priority and almost twice that of parents who named retirement (17%) as their first financial priority. The following chart illustrates what parents of college-bound high school students believed to be their first financial priority.



Perceived Costs of Financing a College Education

A majority of parents understand the costs associated with attending college for four years. When asked to estimate the costs for four years at a public college, including tuition and related expenses such as room, board, books, and personal expenses, most (84%) parents were able to provide a cost figure. Of these parents, 60% thought the costs were at or above the actual average cost range[1] of $35,400-$43,300: 42% estimated the costs above what they are while 18% were within the correct range. Just over two in five parents, however, thought the costs of four years at a public college were lower than the actual average cost range.

Similarly, for private schools, 50% of the parents estimated the costs at or above the average range[2], which is $73,800-$90,200. For four years at a private college, 79% of the parents provided an estimate: 19% were in the right range of $73,800-$90,200 and 31% overestimated the costs. Almost half (49%) of the remaining parents estimated below the national average range.

A somewhat smaller percentage of college-bound high school students was able to venture a guess at the costs of four years at either a public or private college and those that did provide an estimate tended to be low. When asked about the costs of four years at a public school, 71% gave a response, of whom 60% estimated the costs below the average range. For private schools, 74% offered a cost estimate, and again, the majority (63%) estimated too low. The table below illustrates the accuracy of parent and student respondents in estimating the costs of attending college for four years.

Estimated Cost of Attending Four Years at a College or University[3]		
Public or State College		
	Parents	*Students*
Below Range	*41%*	*60%*
Average costs: $35,400-43,300	*18%*	*10%*
Above range	*42%*	*30%*
Private College		
	Parents	*Students*
Below range	*49%*	*63%*
Average costs: $73,800-90,200	*19%*	*14%*
Above range	*31%*	*23%*
Note: percentages may not add to 100% due to rounding error.		

[1]The actual average cost for attending four years at a public college for the 1995-96 to 1998-99 school years is estimated at $39,325. This cost projection was calculated using the College Board's estimate for college attendance costs for the 1993-94 academic year and adjusted for inflation using an annual rate of 4% for each subsequent year. The actual average cost range was created by taking 10% above the actual average cost and 10% below the actual average cost, for a range of $35,400-$43,300.

[2]The actual average cost for attending four years at a private college for the 1995-96 to 1998-99 school years is estimated at $81,966. This cost projection was calculated using the College Board's estimate for college attendance costs for the 1993-94 academic year and adjusted for inflation using an annual rate of 4% for each subsequent year. The actual average cost range was created by taking 10% above the actual average cost and 10% below the actual average cost, for a range of $73,800-$90,200.

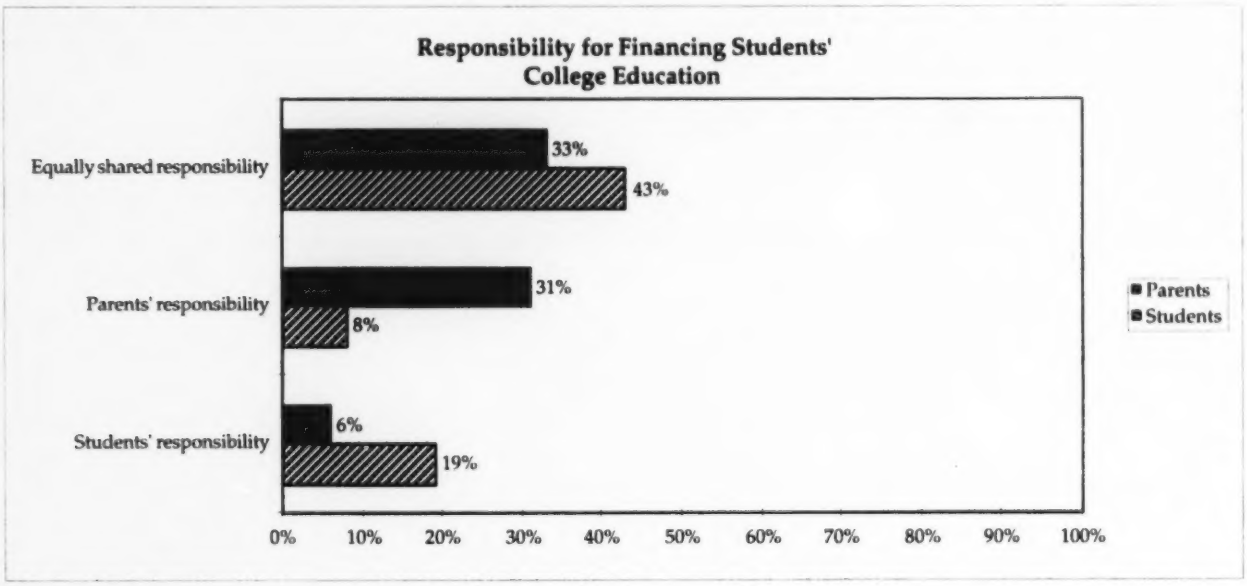
[3]There is considerable variation in the costs of public education from one state to another, as well as from the type of public institutions. Likewise, there is considerable variation in the costs at private colleges. Considering that this was a national survey compared to a projection of the national average, it was assumed these results provide a reasonable proxy of parents' and prospective students' understanding of college costs.

BEST COPY AVAILABLE

Responsibility for Financing a College Education

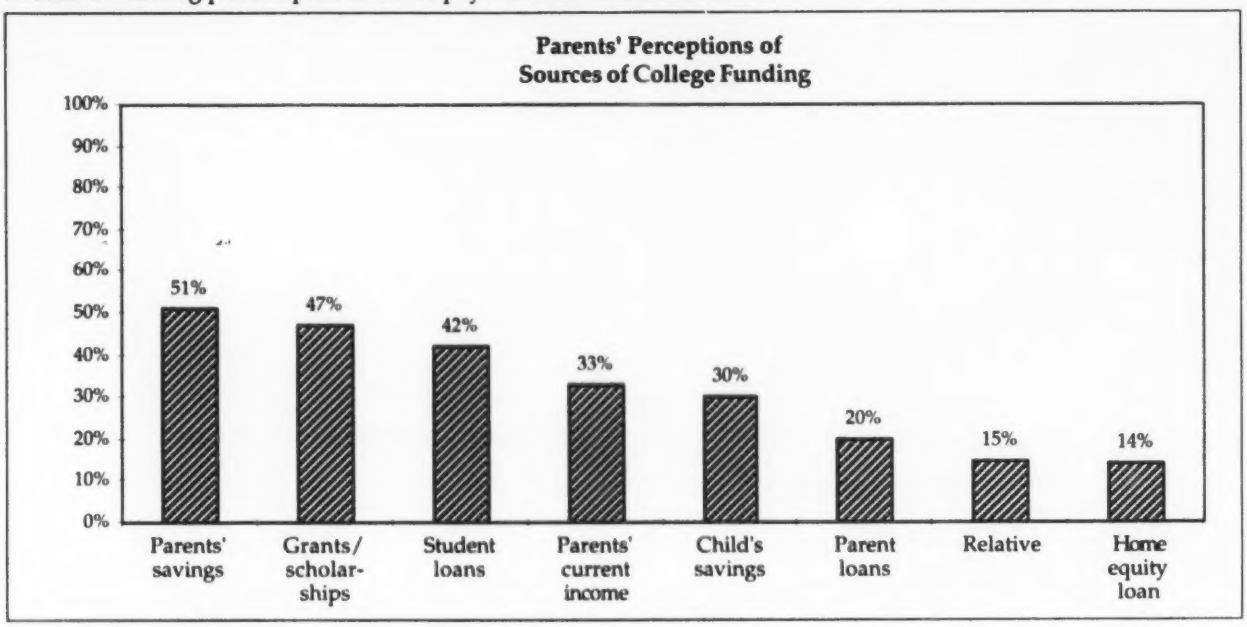
There was a difference in opinion between parents and students regarding whose responsibility it is to pay for college. Parents (31%) were much more likely to strongly agree that it is primarily their responsibility to finance college as compared to only 8% of students who felt strongly that their college education was primarily their parents' responsibility to finance. Conversely, 19% of students strongly agreed that a college education was primarily their own responsibility to finance but only 6% of parents strongly agreed that it was their child's responsibility to finance.

Both parents and students were most likely to strongly agree with the statement that a college education is an equally shared financial responsibility: 33% of parents and 43% of students said they strongly agreed with this sentiment. Students, however, were much more likely than were parents to feel the responsibility was an equally shared one. The chart below indicates the percentage of students and parents who strongly agreed with each statement.

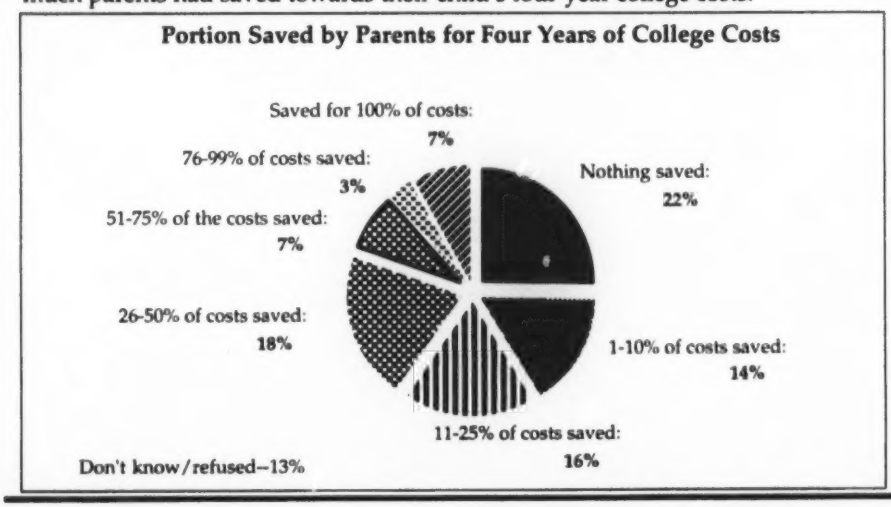


Sources for Financing a College Education

Parents of college-bound high school students indicated they expect financial aid to play a large role in helping to pay the costs of their child's college education. Parents were read a list of potential sources of college funding and asked which they expected to use to help pay for their child's college education. "Own savings" was stated most frequently, with 51% of the parents interviewed indicating they planned to use this source to fund college. Just under half (47%) reported expecting to use grants and scholarships, and 42% said they expected to use student loans. The graph below shows which sources of funding parents plan to use to pay for their child's education.



Despite a majority of the parents indicating they planned to use their own savings to pay for their children's education, when asked, "As a percentage of your child's four-year college costs, about how much have you already saved towards these costs?" only 17% indicated they had saved more than half of these costs. More than one in five parents of college-bound high school students (22%) said they had saved nothing. The graph below shows how much parents had saved towards their child's four-year college costs.


Portion Saved by Parents for Four Years of College Costs
Saved for 100% of costs: 7%
76-99% of costs saved: 3%
51-75% of the costs saved: 7%
26-50% of costs saved: 18%
Nothing saved: 22%
1-10% of costs saved: 14%
11-25% of costs saved: 16%
Don't know/refused--13%

Since only a small portion of parents reported having saved at least half of their child's college costs, it is not surprising that a significant portion were concerned about being able to finance college. More than a quarter of the parents (28%) strongly agreed with the statement that a college education is something they believe in, but they just don't know how to pay for it, while 24% somewhat agreed. Among students, 23% strongly agreed and another 40% somewhat agreed.

Despite this feeling among some parents, the majority of parents seemed to feel strongly that they will find a way to pay for their child's college expenses. Two-thirds of the parents strongly agreed with the statement, "I'm sure I'll find a way to pay for my child's education." Additionally, 23% somewhat agreed.

Financial Aid as a Funding Source

Most parents indicated they anticipated receiving grants and scholarships to meet some of the costs of their child attending college. More than half (56%) thought they probably or definitely would receive grant or scholarship money: 24% indicated they definitely would receive it and 32% said they probably would. A small percentage of parents (6%) thought they definitely would not receive any grants or scholarships and an additional 13% indicated they probably would not. Of the remainder, 22% were not sure if they would receive money and 3% did not respond to the question.

Among those parents who thought their child might receive grant or scholarship money, over one-third (36%) thought this money would cover less than 20% of the cost of the education while 22% thought it would cover between 20-39% of expenses. Only 7% thought this money would cover over 80% of the costs.

Expected Percentage of College Costs Covered by Grants/Scholarships

	Less than 20%	*20-39%*	*40-59%*	*60-79%*	*Over 80%*
Parents	36%	22%	18%	5%	7%

**12% of parents did not respond.*

Parents were also asked the likelihood of using student loans to meet some of the costs of their child's education. More than a quarter (28%) reported their child definitely would take out student loans while another quarter of the parents stated their child probably would take out loans. Only 13% of parents said their child would definitely not take out a student loan, and an additional 13% indicated they probably would not take out loans. Approximately 17% of the parents were unsure and 4% did not respond to the question.

When parents who thought their child might take out loans were asked to approximate what percentage of their child's education they expected to fund with student loans, few parents (14%) thought loans would be responsible for paying more than half of their college education costs. By comparison, almost half of the parents (49%) thought they would use student loans to fund less than a quarter of their child's educational costs.

Students were somewhat more likely to believe they would be taking out loans than were their parents. Only 7% stated they definitely would not take out any student loans. In contrast, almost a quarter (24%) said they definitely would take out loans, and 34% indicated they probably would take out loans.

When students were asked to estimate the percentage of the costs of their education they expected to fund with student loans, a significant portion, 42%, thought they would account for less than a quarter of the costs. Almost a third, 31%, thought loans would cover between 25% and 50% of the costs. Only 2% thought loans would account for over 75% of the cost of their college education.

Expected Percentage of Students' College Costs that will be Paid for by Student Loans

	Less than 25%	*25-50%*	*50-75%*	*More than 75%*
Parents	49%	27%	9%	5%
Students	42%	31%	5%	2%

**9% of parents and 20% of students did not know or did not respond.*

CONCLUSIONS

The majority of parents of college-bound high school students have an understanding of the high costs associated with attending a four-year public or private college. Even considering these costs, they believe a college education is a worthwhile and valuable asset. While college-bound high school juniors and seniors are less accurate in their assessment of the costs of attending a four-year college or university, they, too, believe a college education is a wise investment.

- A large majority of parents and students believe a college education is at least very valuable to the students' financial well being and personal well being.
- A majority of both audiences felt strongly that a college education enriches the student's quality of life, provides real economic benefits, and is the most important investment they will make.
- Most parents and students agreed that, even with what it costs today, college is still a good investment.

The increased costs of attending college, coupled with the stagnation of income, may be decreasing parents' ability to pay for their child's college education from current income. Only one-third of parents named current income as a college financing source and it was not among the top three sources chosen by parents when read a list of potential sources of college funding. Their top three responses were savings, grants/scholarships, and loans.

Despite "own savings" being the most frequently named source of college financing, few parents of college-bound high school students had saved appreciably for college. Less than two in ten parents with college-bound high school students indicated they had saved at least half of the costs for their child's education. This may cause parents to rely more heavily than they anticipate on grants, scholarships, and loans.

Further research may be needed to determine how well parents' expectations of obtaining assistance from grants/scholarships is met and how well prepared they are for the debt they or their child may incur. Just under half (47%) of the parents indicated they believed grants/scholarships would be a financing source of their child's education. When asked if they anticipated receiving grants/scholarships to meet some of the costs of their child attending college, over half (56%) indicated they probably or definitely would receive them. Similarly, 42% of parents said student loans would be a financing source, but when asked if their child would take out loans, 53% said they probably or definitely would. The lack of consistency may be a result of parents being unsure of the degree to which they can depend on grants and scholarships versus how heavily they will have to rely on loans to fund their child's education.